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Market Development Reports

Market Snapshot: Guadalajara, Mexico

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Report Highlights:

Guadalajara, along with Mexico City and Monterrey, is one of the most important domestic and imported food products distribution centers in Mexico. Guadalajara is a vital supply center for eleven surrounding states, which combined have a population of approximately 27 million inhabitants.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Mexico City ATO [MX2]
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MARKET SUMMARY

Guadalajara is the capital city of the Mexican state of Jalisco. The city is located in the central region of the state and in the western-pacific area of Mexico. The Guadalajara metropolitan area includes other adjacent municipalities and has a population of 4,112,332 inhabitants, making it the second most populous metropolitan area in Mexico.

Known in the business world as Mexico's "Silicon Valley", Guadalajara has attracted significant levels of foreign investment, which has transformed the city into an excellent place to do business.

Portrayed as a "kind city" that is strategically located, Guadalajara is one of Mexico's key business centers and along with the state of Jalisco is the leading commercial area in Mexico's western region. The State's commercial sector accounts for a large percentage of the total gross national product and is exceeded only by the Federal District and the State of Mexico (which together comprise the Mexico City metropolitan area) in its economic importance.

In addition to its open business environment and large number of foreign investments, Guadalajara is increasingly being known for its convention and exposition facilities. A prime example is Expo-Guadalajara, a large-scale convention center that hosts numerous international events and is situated amid luxurious hotels that cater to the convention-goers' needs.

Along with Mexico City and Monterrey, Guadalajara is one of the three major domestic and imported food products distribution centers in Mexico. Its area of influence is mainly the center part of the country. Guadalajara is an important supply center for eleven states in the vicinity with an approximate population of 27 million inhabitants.

MARKET ENTRY

The retail sector has been growing rapidly in Guadalajara and is slowly growing in the center part of the country. Most major Mexican retail chains have stores in the region including, Gigante, Comercial Mexicana, Soriana, Wal-Mart and Chedraui. The retail sector is primarily focused on the supply of food and beverages (among other products) to the general population. However, Costco and Sam's have rapidly gained market share in HRI sales. Importers/distributors have direct and constant contact with the client giving them an advantage over warehouse stores. Personal attention is considered valuable in the food service sector, so this may protect the importers/distributors from further losses to club store distribution.

Exporters can begin to investigate and better understand the market by participating at the ANTAD trade show that takes place in Guadalajara every March. It is the largest retail food show in Latin America. The Agricultural Trade Office (ATO) of the US Embassy organizes a US Pavilion in this annual show and can provide information on the market, trade contacts and assist US exporters in their marketing efforts throughout Mexico, including the Jalisco region.

B. Market Size, Structure, Trends

Guadalajara is one of the principal centers of culture, economy, history, industry and religion in the country and exerts significant influence on the rest of Mexico. In its 2007 survey entitled "Cities of the Future", Foreign Direct Investment (FDI) magazine ranked Guadalajara highest among major Mexican cities, and designated Guadalajara as having the second strongest economic potential of any major North American city behind Chicago. FDI Magazine also ranked the city as the most business-friendly Latin American city in 2007. Because of its geographical characteristics, the state of Jalisco has a large variety of resources that can be utilized by different sectors. Its communications infrastructure makes it very favorable for commerce with the rest of the country, and the city attracts investors and commerce worldwide. In 1987, the Expo Guadalajara Convention Center was opened. Guadalajara has more than 25,000 lodging rooms. The Metropolitan Zone of Guadalajara has several shopping malls; the city is the national leader in development and investment in shopping malls. Many shopping centers have been built recently, such as Plaza Galerias, one of the largest shopping centers in Latin America.

The state of Jalisco accounts for 6.4% of the national GDP and ranks fourth in the country. The total economically active population is 2,753,653 people. The majority of these people earn the equivalent to \$3,500 to \$4,000 dollars a year.

National ranking per sector:

Agriculture: among the leaders.	Manufacturing: 4th place
Construction: 4th place	Mining: silver
Commerce: 3rd place	Fishing: 15th place
Services: 3rd place	Communications & Transportation: 3rd place

Principal products:

Agriculture: corn grain, corn forage, hay, sugar cane.

Livestock: pork, cattle, fowl.

Manufacturing: textiles, clothing, leather, metal products and machinery.

Fishing: Dagger fish, carp and other species.

Mining: silver

Forest: conifers and pine

Other products: milk, honey, eggs.

C. Sub-Sector Profiles and Trends

Commerce is one of the most dynamic activities of the city. Growth and investment in commercial centers, commercial expositions and fairs, transportation, and communications have all contributed to the growth of commerce in Guadalajara. The geographical location of the city makes it strategic for commerce. Services in the city are of all types: financiers, professionals, communal, social, personal technicians, maintenance, and tourism. Secondary activities consist of industrial production of textiles and metalwork. During the 1990s the city's industrial sector experienced a decline, but it has since regained its position as the industrial capital of western Mexico.

COMPETITION

The food industry, in Guadalajara and the surrounding area, exports most of its products (juice, canned fruits, sweet products, sauces, canned food and food products in general). Of these products 60% are exported to national destinations while 40% are sent to the United States. In fact, Guadalajara's products are leaders in the Latin market in the United States.

TOURISM

With an expectation for high growth within the next five years, tourism is now one of the most important sectors for Guadalajara's economy. The city's tourism sector includes entertainment, sport and cultural. It is an important tourist destination center in itself and serves as an axis to an array of nearby tourist destinations (Puerto Vallarta, Manzanillo, Mazatlan). Guadalajara is well connected by modern highways to Mexico City, to the northwest and to the major beach resorts. Guadalajara's airport is the third most active of the country (after Mexico City and Cancun) with direct flights to many Mexican and American cities. It also has a lively and distinctive network of car-free streets.

BEST PRODUCT PROSPECTS

According to the US Bureau of the Census Trade Data, the products that have the best demand in this market include:

- wheat
- coarse grains
- poultry
- soybeans
- dairy products, particularly ice creams and cheese
- forest products
- cotton
- snack foods
- sugars, sweeteners and beverage bases
- fresh fruit and vegetables
- fruit and vegetable juices

USEFUL CONTACTS

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www.usembassy-mexico.gov/Guadalajara.htm

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